

FEB 13 11 16 AM '01

STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION

CHIEF CLERK'S OFFICE

In the Matter of )  
 )  
Silvis Heights Water Corporation )  
 )  
Petition pursuant to 6-102 of the )  
Public Utilities Act seeking an authority )  
to incur indebtedness in the amount of )  
\$115,000.00 to be repaid over a period )  
of time in excess of twelve months, to )  
give security therefor, and to pay the )  
proceeds of such funds received for such )  
indebtedness; determining the fee to be )  
paid pursuant to 6-108 of the Public )  
Utilities Act; and ratifying incurrence )  
of existing indebtedness )

Docket No.: 00-0810

WRITTEN TESTIMONY OF RANDY PARKER, PRESIDENT  
OF THE SILVIS HEIGHTS WATER CORPORATION  
SILVIS, ILLINOIS

Prepared testimony regarding Silvis Heights Water Corporation, Docket Number 00-0810, regarding the Petition for the Corporation to borrow funds. Once the testimony is created they are going to need an affidavit signed by him stating that the testimony is true and correct and complete.

1. Question: Mr. Parker how long have you been President of the Silvis Heights Water Corporation?

Answer: For two years

2. Question: How long have you been associated with the Corporation?

Answer: Since 1992

3. Question: Has the Corporation passed a Resolution to borrow funds within the last year?

Answer: Yes.

4. Question: What would that Resolution be?

Answer: Resolution was to borrow enough money to take the loan up to

\$117,000 which would help to put in the rest of pumps, buy meters to meter the rest of the system. Would basically complete a project list which would be all our controls and get the new building on line.

5. Question: Are some of the things that you are seeking to complete with these loan items that the Illinois Commerce Commission has been seeking for a long time for the Silvis Heights Water Corporation to complete regarding its infrastructure?

Answer: Yes the rest of this project here would basically complete what the Illinois Commerce Commission and the Illinois EPA have been requiring that we install in order to meet the Safe Drinking Water Act.

6. Question: I note that the Petition that you filed with the ICC has requested to borrow funds in the amount of \$115,000 from the Old Kent Bank. This figure should be divided into covering what the existing \$49,155.49 with the Pinnacle Bank, which is now the Old Kent Bank, as well as an additional \$65,064.03, is that the amount you believe it will take to complete the items to cause the Corporation to meet the requirements of the ICC?

Answer: Yes, the additional \$65,064.03 we will borrow will help us meet all the requirements not only set by the Illinois Commerce Commission but also by the Illinois EPA.

7. Question: Where did you get the figures for the completion of the meters and the meter parts or remote readers, all the other things that are on the project list?

Answer: Basically all the meters, meter parts we received those from what is called the USA Blue Book. The other stuff, pump controls and that, we received from a pump control company. A lot of the parts in here we got from private suppliers, piping parts that would meet the requirements and the pump controls we basically got from the USA Blue Book. We also took various bids.

8. Question: I note that in regard to the figures, you have additional funds or we could call for contingency funds \$780.38. Could you explain how you arrived at that figure?

Answer: What we did is we added an additional \$780.38 to this list just in case we come into some short falls where prices go up between now and the time that we put the parts in. As a fact pumps might be going up here shortly if we don't purchase them soon so that's why we put the additional funds in there.

9. Question: Also, there are legal fees and miscellaneous costs regarding the completion of the project?

Answer: Yes, it would basically help us cover our legal fees, any fees we might have at the bank too.

10. Question: How long has the Corporation been in existence in the State of Illinois?

Answer: The corporation has been in existence, the water supply has been in existence since 1955. The date of the corporation was, I think, the late 1950's. Can't give you an exact date.

11. Question: Is it in good standing today? Have all its fees and reports been filed with the State of Illinois?

Answer: All reports and fees have been filed and paid for.

12. Question: The Corporation is in good standing?

Answer: In good standing.

13. Question: If the debt request is approved, what benefits will it give to the Silvis Heights Water Corporation?

Answer: What we are trying to do is meet all the requirements of the Safe Drinking Water Act. We are trying to get all our meters in and trying to get the new plant up and running. At the same time, we have used a lot of our savings to get where we are at now and we are trying to rebuild the savings.

14. Question: What do you mean by savings? By savings do you mean working cash fund?

Answer: Present funds are low as a result of the short fall in the prior construction phase which created the existing debt.

15. Question: Describe the factors considered in determining the type and the terms of the financing proposed?

Answer: The factors were the requests that the ICC had made of the Corporation to have them bring themselves within the guidelines of the Safe Drinking Water Act and the various necessary items which the Corporation needed to acquire in order to comply with that Act. The type of loan was basically the same type of loan which had been approved by the ICC in prior request for funds in 1995, and it was believed that that was an approvable or a correct method of financing which was acceptable to the ICC. Regarding the amount, it was determined that the existing loan and the new monies together would be an easier method of bookkeeping for the small corporation and was basically requested as and

from the same loaning institution from which the original loan funds were borrowed. The terms were the same terms as originally given under the original debt that the Corporation secured in 1995, being tied to the prime rate in the Wall Street Journal and adjusted annually.

16. Question: Mr. Parker does the Corporation have any other long or short time debts than those that have been mentioned in our Petition?

Answer: The Corporation has no other debts whatsoever.

17. Question: Does the Silvis Heights Water Corporation believe that the Petition is fair and reasonable and in the best interests of the customers?

Answer: Yes we do

18. Question: And the reason for that being?

Answer: It benefits the customers by giving a better supply of water. Hopefully what we will do is go to a metered rate which will reduce rates for some customers who use less water and give them a better feel for their particular use and would allow them, if necessary, to adjust their use and those who are heavy users would pay their proportionate share. This would stop costing small users the questioned spread of usage.

19. Question: I note that you borrowed funds prior to this time in 1995 which at that time, I believe, was for the purpose of improving the Silvis Heights Water Corporation's physical plant. Can you explain why the Corporation is again back here to make some of the same improvements?

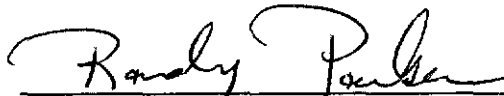
Answer: In 1995, when we started this project, we went to our engineer and told him it was a long term process to get all the funds, and I asked him exactly how much we needed. He gave us a stated value of about \$100,000, so that's what we borrowed. When the bids came in, they were way over priced. We had to cut the project quite a bit to the point of where we had to do stuff on our own. We had already had approval for the \$100,000 and went through the bank to get that processed when the bids came in. Now in order to finish all of this project plus put in meters that the Illinois Commerce Commission requires, we need to borrow these funds.

20. Question: Was your intent to be able to do that under the original funding but because of the inappropriate estimate of costs, you were unable to complete that?

Answer: That is correct.

21. Question: Could you state for the Commerce Commission what your belief is should they fail to grant you the authority to borrow these funds, as to what effect it would have upon the Corporation and its ability to function?

Answer: What it will do is handicap our way of getting things done more efficiently. It would cripple our ability to meet the requirements of the Safe Drinking Water Act, the Illinois EPA, and the Illinois Commerce Commission. At the same time, it will delay our going from a flat fee to the customers to a metered rate fee which the Illinois Commerce Commission would like us to have. We would not be able to modernize and become more efficient and up to date.

A handwritten signature in cursive script, reading "Randy Parker". The signature is written in dark ink and is positioned above a horizontal line.

Randy Parker, President of Silvis Heights  
Water Corporation

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AFFIDAVIT

Randy Parker, being on oath first duly sworn, deposes and says that  
he is the President of the Silvis Heights Water Corporation.

Affiant further states that he has read the written testimony by  
him subscribed and that the contents thereof is true and correct.

Further Affiant saith not.

Dated this 7 day of February, 2001.

Randy Parker  
Affiant

SUBSCRIBED and SWORN to before me

this 7 day of February

2001.

Graham J. Lee  
Notary Public



## **Silvis Heights Water**

### **Loan Increase Summary**

Current Loan Balance	\$49,155.59
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Loan Increase Amount	\$65,064.03
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Bldg. # 2

pumps, controls, gauges, heater, labor	\$29,800.00
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Piping	\$13,485.95
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Meters

labor, meters, parts	(includes labor posted below)	\$21,778.08
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All-Action Plumbing- Labor to install meters	\$11,410.00
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Additional Funds	paint-gaskets-taxes-misc.	\$780.38
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<b><u>Loan Total</u></b>	<b>8.75%</b>	<b>\$115,000.00</b>
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Payment over 10 years